



BANK SECRECY ACT Checklist

	Yes	No		Yes	No
Internal Compliance Programs and Procedures					
1. Has the institution adopted written policies and operating procedures required by 12 CFR Section 563.177?			b. The filing of U.S. Customs Form 4790 for each shipment of currency or other monetary instrument(s) in excess of \$10,000 out of the United States or into the United States, except via common carrier, by, or to the institution [Section 103.23(a)]?		
2. Has the written program been approved by the institution's board of directors and noted in the minutes [Section 563.177(b)]?			c. The maintenance of required records for each monetary instrument purchase or sale for currency in amounts between \$3,000 and \$10,000, including the supporting information prescribed in Section 103.29(a)?		
3. Does the written Bank Secrecy Act compliance program, at a minimum:			d. The annual filing of Report of Foreign Bank Financial Accounts (Treasury Form 90-22) of each person, subject to the jurisdiction of the United States, who has financial interest in, or signature authority over, a bank, securities or other financial accounts in a foreign country [Section 103.24]?		
a. Provide for a system of internal controls to ensure ongoing compliance [Section 563.177(c)(1)]?			5. Does the institution verify that procedural guidelines are adequately communicated to responsible personnel and that they are followed?		
b. Provide for independent testing for compliance to be conducted by either institution personnel or an outside party [Section 563.177(c)(2)]?			6. Verify that the institution's written procedural guidelines for record retention include the retention of either the original, microfilm, copy or other reproduction of the items listed below for at least five years:		
c. Designate a qualified individual(s) responsible for coordinating and monitoring day-to-day compliance [Section 563.177(c)(3)]?			a. Each CTR (IRS Form 4789) [Section 103.27(a)(3)]?		
d. Provide training for appropriate personnel [Section 563.177(c)(4)]?			b. Documentation to support each exemption granted. [Section 103.22 (d)(6)(x)]?		
e. Include procedural guidelines for meeting the reporting and recordkeeping requirements of the BSA regulations?			c. Documentation to support each extension of credit over \$10,000, except when the extension is secured by an interest in real property [Section 103.33(a)]?		
f. Include procedural guidelines for the detection, prevention and reporting of suspicious transactions related to money laundering activities?					
4. Verify that the procedural guidelines include the following:					
a. The reporting of each deposit, withdrawal, exchange of currency or other payment or transfer, by, through or to the financial institution, which involves a transaction in currency of more than \$10,000 (CTR, IRS Form 4789) [31 CFR Section 103.22(a)(1)]?					



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d. Each advice, request, or instruction received or given regarding a transaction which results in the transfer of funds, currency, checks, investment securities or other monetary instruments or credit, of more than \$10,000 to or from a person, account, or place outside the United States [Section 103.33(b)]?			k. Each check or draft in excess of \$10,000 drawn on or issued by a foreign bank which the domestic bank has paid or presented to a nonbank drawee for payment [Section 103.34(b)(7)]?		
e. Each advice, request, or instruction given to another financial institution or other person located within or outside the United States, regarding a transaction intended to result in a transfer of funds, currency, checks, investment securities, other monetary instruments or credit, of more than \$10,000 to a person, account, or place outside the United States [Section 103.33(c)]?			l. Each item relating to any transaction of more than \$10,000 received directly and not through a domestic financial institution, from a bank, broker or dealer in foreign exchange outside the United States [Section 103.34(b)(8)]?		
f. Each payment order of \$3,000 issued in connection with wire (funds) transfer activity as an originating, intermediary or beneficiary institution [Section 103.33(e)]?			m. A record of each receipt, on any one occasion, of more than \$10,000 directly and not through a domestic financial institution, from a bank, broker or dealer in foreign exchange outside the United States [Section 103.34(b)(9)]?		
g. A list of each individual, including the name, address, and account number, who holds a deposit account for which the institution has been unable to secure a taxpayer identification number from that person after making a reasonable effort to obtain the number [Section 103.34(a)(1)(ii)]?			n. Records prepared or received by a bank in the ordinary course of business which would be needed to reconstruct a demand deposit account and to trace a check in excess of \$100 deposited in such demand deposit account [Section 103.34(b)(10)]?		
h. Each document granting signature authority over each deposit account [Section 103.34(b)(1)]?			o. A record of the name, address, and taxpayer identification number, if available, of any purchaser of a certificate of deposit, that describes the instrument, payment method, and transaction date [Section 103.34(b)(11)]?		
i. Each statement, ledger card or other record of each deposit account showing each transaction involving the account, except those items exempted by Section 103.34(b)(3-4)?			p. A record containing the name, address, and taxpayer identification number, if available, of any person presenting a certificate of deposit for payment, as well as a description of the instrument and the date of the transaction [Section 103.34(b)(12)]?		
j. Each document relating to a transaction of more than \$10,000 remitted or transferred to a person, account or place outside the United States [Section 103.34(b)(5,6)]?			q. Each deposit slip or credit ticket reflecting a transaction in excess of \$100 or the equivalent record for direct deposit or other wire transfer deposit transactions? The slip or ticket shall record the amount of any currency involved [Section 103.34(b)(13)].		



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Internal Controls					
1. Has the institution implemented an internal audit, management review or self-assessment program that reviews: (1) the institution's compliance program; (2) internal controls to prevent money laundering; and (3) compliance with BSA regulations?			b. Address compliance with applicable anti-money laundering laws and regulations (e.g., 12 CFR 563.177, 31 CFR 103)?		
2. If the institution has an internal audit function, verify that the audit procedures:			c. Identify potentially high risk activities, businesses, and foreign countries commonly associated with money laundering?		
a. Confirm the integrity and accuracy of the systems for the reporting of large currency transactions?			2. Does the institution ensure that the anti-money laundering policies apply to all operations of the institution, including: (1) activities, including teller and currency operations, the sale of monetary instruments, wire transfers, safe deposit box; (2) departments, including trust, loan, international, discount brokerage; and (3) other operations, including correspondent and private banking?		
b. Include a review of tellers' work and Forms 4789 and 4790?			3. Verify that management implemented a high level of internal controls to minimize the risk of money laundering. These controls should include, at a minimum:		
c. Confirm the integrity and accuracy of the institution's recordkeeping activities?			a. Money laundering detection procedures, including sound policies and procedures, periodic account monitoring and education and training?		
d. Test adherence to the in-house record retention schedule?			b. Identification and monitoring of non-bank financial institutions that are depositors of the institution and that engage in a high volume of cash activity (e.g., money transmitters and check cashing businesses)?		
e. Include steps necessary to ascertain that the institution is maintaining the required list of exempt customers?			c. Periodic account activity monitoring, particularly in accounts considered high risk?		
f. Test the reasonableness of the exemptions granted?			d. Internal investigations, monitoring and reporting of suspicious transactions?		
g. Include steps necessary to ascertain that the institution has procedures in place for maintaining required information from customers purchasing monetary instruments for cash in amounts between \$3,000 and \$10,000 inclusive and that appropriate identification measures are in place?			Education and Training		
h. Include steps necessary to ascertain that the institution is conducting an ongoing training program?			1. Does the institution's program for educating appropriate employees regarding the BSA and money laundering include the following:		
Anti-Money Laundering Program			a. Reporting of large currency transactions, and related exemptions?		
1. Do the institution's policies governing the BSA and anti-money laundering activities:					
a. Define money laundering in its different forms (e.g., placement, layering, and integration)?					



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b. Sale of monetary instruments?			2. Does the institution file the appropriate form to designate a person as exempt within 30 days after the first reportable currency transaction [Section 103.22(d)(3)]?		
c. Record retention requirements?			3. Does the institution review and verify the information supporting each exemption at least annually? [Section 103.22(d)(4)]?		
d. Reporting suspicious activity or alleged criminal conduct?			4. Does the institution [Section 103.22(d)(6)]:		
e. Examples of money laundering cases and the ways in which they can be detected, resolved and reported?			a. Assure itself that each exemption is appropriate?		
f. The different forms that money laundering can take (e.g., deposit accounts, wire transfers, loans, etc.)?			b. Document the basis or bases for each exemption?		
g. Wire (fund) transfer activity?			c. Document its compliance with the exemption requirements?		
h. Overall internal policies and procedures?			5. For exempt non-listed businesses and payroll customers [Sections 103.22(d)(5), 103.22(d)(9)] does the institution:		
2. Has the institution implemented procedures to review the scope and frequency of training and education to determine the importance management places on those activities?			a. Make biennial filings for continuing exemptions?		
3. Does the institution verify whether personnel are sufficiently knowledgeable about the BSA and the institution's procedures to ensure compliance?			b. Monitor the currency transactions in each customer's account for suspicious activity as necessary, but at least annually?		
4. Does the institution's training program(s) include personnel from all departments (e.g., lending, fiduciary, and international departments, discount brokerage, private banking, correspondent and specialized foreign exchange units, and cash control centers)?			6. Does the institution file SAR's when appropriate, even as to exempt customers [Section 103.22(d)(9)]?		
5. Are interviews conducted to verify that personnel from the areas covered under the preceding paragraph are knowledgeable regarding the BSA requirements, possible money laundering schemes, and the identification of suspicious or unusual activities?			7. For each customer exempt on or before October 20, 1998, does the institution either [Section 103.22(d)(11)]:		
			a. Terminate the customer's exempt status, or		
			b. Continue the prior exemption until the earlier of June 30, 2000 or the date the customer is properly exempt?		
Exemptions					
1. Does the institution exempt from CTR reporting only those eligible for exemption [Section 103.22(d)(2)]?					



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Currency Flows and Reporting of Large Cash Transactions					
1. Does the institution review the cash totals shipped to and received from the Federal Reserve Bank, correspondent banks or between branch offices for a reasonable period of time (generally no less than three months) or, if available, the latest FinCEN Analysis of Federal Reserve Cash Flows, for unusual activity (e.g., material variance in totals of currency shipped or received or large denomination currency exchanged)?			4. Does the institution have an automated system in place to capture individual or multiple cash transactions in excess of \$10,000 on the same business day by or on behalf of the same individual, or by account?		
2. Does the institution verify the cause of any unusual activity and verify if the volume of CTR filings during the period is consistent with any changes in the patterns of cash activity?			a. Is the system tested to determine whether it is comprehensive regarding all points of cash entry and exit?		
3. Does the institution review samples of completed CTRs, whether hard copy or from computer generated filings, to determine that (as specified in Section 103.22):			b. Does the aggregation system cover all applicable areas within the institution (e.g., discount brokerage, private banking, fiduciary, or any other departments in the institution that engage in currency transactions subject to the regulation)?		
a. CTRs are properly completed in accordance with IRS instructions?			5. If the institution does <u>not</u> have an automated system in place, does it document how it identifies reportable transactions?		
b. Transaction amounts are consistent with the type and nature of business or occupation of the customer?			6. If the institution has an automated system in place to capture individual or multiple cash transactions of <u>less than</u> \$10,000, does the system detect for:		
c. CTRs are filed for large cash transactions identified by tellers' proof sheets, automated large currency transaction system, or other type of aggregation system, unless an exemption exists for the customer?			a. Evidence of structured transactions?		
d. If an exemption exists, CTRs are filed for customers who exceed their exemption limits?			b. Concentration accounts" (accounts that have frequent cash deposits aggregating less than \$10,000 on any business day, and relatively few transfers of large amounts out of the accounts, by check or wire)?		
e. CTRs are filed within 15 calendar days after the date of the transaction (25 days if magnetically filed) [Section 103.27(a)(1)]?			c. Customers with frequent cash transactions of less than \$10,000 who have not provided tax identification numbers?		
			d. Customers with frequent cash transactions that have provided either a foreign address or post office box as an address or have requested that the institution hold monthly statements?		
			7. If available, are the following reports reviewed by management for activities usually associated with money laundering activities:		



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a. Suspected kiting reports? (These reports identify excessive activity in accounts and should be reviewed for cash activity. The account profile of an account used for money laundering can be similar to that of an account used for check kiting in that it may have a high volume of activity, matching deposits and withdrawals, or low average balances in relation to activity).			8. Are review statements, reconciliation and general ledger sheets of the institution's correspondent banks reviewed over at least a two month period to determine if large transactions are reflected on either the institution's or correspondent records? If so, does the institution verify that their nature is investigated and properly reported?		
b. Demand deposit activity reports? (These reports cover all customer and employee accounts. They generally show daily balances and accumulated deposits and withdrawals over a 30-day period. Careful review will show accounts that have changed, either in average balance or in numbers of transactions).			9. Does the institution review incoming mail to determine if it is receiving currency deposits via mail, courier services or internal deliveries?		
c. Incoming and outgoing wire transfer logs? (These logs can identify transfers of funds out of the country or to remote banks, transfers funded by cashier's checks or money orders in amounts under the \$10,000 CTR filing threshold, and other suspicious patterns for noncustomers as well as account holders).			Sale or Purchase of Monetary Instruments Over \$3,000		
d. Incoming and outgoing facsimile logs? (There are for payment instructions related to funds transfers).			1. Do the institution's records include the following information required by Section 103.29(a)(1) for purchasers who have deposit accounts with the institution:		
e. Loans listed by collateral? (These are loans collateralized by cash, certificates of deposit or bank accounts).			a. The name of the purchaser?		
f. Loans collateralized by fund transfers from offshore banks?			b. Date of purchase?		
g. Loans secured largely with cash and whether the payments are made in cash?			c. The type(s) of instrument(s) purchased?		
h. Loan with proceeds that purchase certificates of deposit?			d. The serial number(s) of each of the instrument(s) purchased?		
			e. The dollar amount(s) of each of the instrument(s) purchased in currency?		
			f. Method of verifying identity, either at the time of purchase or when the deposit account is opened?		
			2. Do the institution's records include the following information required by Section 103.29(a)(2) for purchasers who do not have deposit accounts with the institution:		
			a. The name and address of the purchaser?		
			b. The social security or alien identification number of the purchaser?		
			c. The date of birth of the purchaser?		
			d. The date of purchase?		



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e. The type(s) of instrument(s) purchased?			4. If the institution sends or receives fund transfers to/from financial institutions in other countries, especially those with strict privacy and secrecy laws, has it ensured that amounts, frequency and countries of origin or destination are consistent with the nature of the business or occupation of the customer?		
f. The serial number(s) of each of the instrument(s) purchased?					
g. The dollar amount(s) of each of the instrument(s) purchased?					
h. Method of verifying identity of purchaser and specific identifying information (e.g., state of issuance and number of driver's license)?					
3. Are the institution's records retained for five years and retrievable, upon request from the Treasury, at any time [Section 103.29(c)]?			5. Does the institution have procedures or other effective means to monitor accounts with frequent cash deposits and subsequent wire transfers of funds to a larger institution or out of the country?		
4. Does the institution have a system for capturing same day, contemporaneous, or multiple sales of monetary instruments to one customer totaling \$3,000 or more [Section 103.29(b)]?					
5. If the institution uses manual systems to identify cash sales of monetary instruments, are the institution's records sufficiently detailed to identify the method of payment for all sales or purchases of monetary instruments?					
6. If the institution uses automated systems to identify cash sales of monetary instruments, does it audit or does management review the program tests to verify the accuracy and validity of the identification system?					
Wire (Funds) Transfer			<u>Responsibilities of Originating Institutions</u>		
1. Has an audit trail of wire transfer activities been established?			1. If the originator has an established relationship with the institution, does it retain the following records for each fund transfer origination of \$3,000 or more with the payment order or in its files [Section 103.33(e)(1)(i)]:		
2. Is there an adequate separation of duties or other compensating controls in place to ensure proper authorization for sending and receiving transfers, and for correcting postings to accounts?			(Note: A customer has an established relationship with a financial institution if the customer has a loan, deposit, or other asset account, or is a person with respect to which the institution has on file the person's name and address, as well as taxpayer ID number, or, if none, alien identification number or passport number and country of issuance, and to which the institution provides financial services relying on that information.) [Section 103.11(l)]		
3. Does the institution verify that the CTRs are filed, when applicable, for noncustomers submitting cash for fund transfers [Section 103.22]?			a. Name and address of the originator?		
			b. Amount of the payment order?		
			c. Date of the payment order?		
			d. Any payment instructions?		
			e. The identity of the beneficiary's bank?		



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f. As many of the following items as are received with the payment order:		3. Is the information the institution must retain for originators retrieved by reference to the name of the originator? When the originator is an established customer of the institution and has an account used for funds transfers, is the information also is retrieved by account number [Section 103.33(e)(4)]?		
<ul style="list-style-type: none"> Name and address of the beneficiary? Account number of the beneficiary? Any other specific identifier of the beneficiary? 		4. For transmittals of \$3,000 or more, does the institution include the following in the transmittal order [Section 103.33(g)(1)]:		
2. If the originator does <u>not</u> have an established relationship with the institution, does it retain the following records for each fund transfer origination of \$3,000 or more [Section 103.33(e)(2)]:		a. The name and, if the payment is ordered from an account, the account number of the transmitter?		
a. For payment orders made in person, verification that the institution required identification of the person and a record of the verified information?		b. The address of the transmitter, except for transmittal orders through Fedwire until such time as the institution that sends the order to the Federal Reserve Bank completes its conversion to the expanded Fedwire format?		
b. When the institution has knowledge that the person placing the payment order is not the originator, a record of the originator's taxpayer identification number (e.g., social security or employer identification number) or, if none, alien identification number or passport number and country of issuance, if known by the person placing the order, or a notation in the record of the lack thereof?		c. The amount of the transmittal order?		
c. When the payment order is not made in person, a record of the name and address of the person placing the payment order, as well as the person's taxpayer identification number (e.g., social security or employer identification number) or, if none, alien identification number or passport number and country of issuance, or a notation in the record of the lack thereof, and a copy or record of the method of payment (e.g., check or credit card transaction) for the funds transfer?		d. The date of the transmittal order?		
		e. The identity of the recipient's financial institution?		
		f. As many of the following items as are received with the transmittal order:		
		<ul style="list-style-type: none"> The name and address of the recipient? The account number of the recipient? Any other specific identifier of the recipient; and either the name and address or numeric identifier of the transmitter's financial institution? 		
		5. Is the institution complying with the FFIEC's December 23, 1992 policy statement, which recommends that the text of every payment order include the name, address, and account number of the originator and beneficiary?		



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Responsibilities of Intermediary Institutions			
1. If received by the sender, does the institution include the following in their transmittal order to the next receiving financial institution for transmittals of funds of \$3,000 or more [Section 103.33(g)(2)]:			
a. The name and account number of the transmitter?			
b. The address of the transmitter (except for transmittal orders through Fedwire until such time as the institution that sends the order to the Federal Reserve Bank completes its conversion to the expanded Fedwire format)?			
c. The amount of the transmittal order?			
d. The date of the transmittal order?			
e. The identity of the recipient's financial institution?			
f. As many of the following items as are received with the transmittal order:			
• The name and address of the recipient?			
• The account number of the recipient?			
• Any other specific identifier of the recipient; and either the name and address or numeric identifier of the transmitter's financial institution?			
2. Does the institution retain the original or a copy of the payment order [Section 103.33(e)(1)(ii)]?			
Responsibilities of Beneficiary Institutions			
1. For payment orders of \$3,000 or more received for a beneficiary that is not an established customer of the institution [Section 103.33(e)(3)]:			
a. If proceeds are delivered in person to the beneficiary or its representative or agent, does the institution verify the identity of the person receiving the proceeds and obtain and retain a record of that information?			
b. If the institution has knowledge that the person receiving the proceeds is not the beneficiary, does the institution obtain and retain a record of the beneficiary's name and address, as well as the beneficiary's identification?			
c. If the proceeds are delivered other than in person, does the institution retain a copy of the check or other instrument used to effect the payment, or the information contained thereon, as well as the name and address of the person to which it was sent?			
2. Does the institution retain the original or a copy of the payment order [Section 103.33(e)(1)(iii)]?			
3. Does the institution retain information for beneficiaries that is retrievable by reference to the name of the beneficiary, and, if the beneficiary is an established customer of the institution and has an account used for fund transfers, whether the information also is retrievable by account number [Section 103.33(e)(4)]?			
Payable Through Accounts			
1. If the institution has contracts/agreements with foreign banks, do they include the following:			
a. Procedures for opening sub-accounts?			
b. Provide the U.S. institution with the ability to appropriately identify sub-account holders?			
c. Prohibit cash transactions by sub-account holders within U.S. borders?			



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<p>d. Require the foreign bank to monitor sub-account activities to detect, report, and investigate suspicious or unusual transactions and report findings to the U.S. institution?</p>			<p>7. Do the foreign banks that maintain the payable through relationship review and explain suspicious transactions?</p>		
<p>e. Clearly state the liability of both the U.S. institution and the foreign bank to which the payable through accounts service is being offered?</p>			<p>8. Does the institution prohibit cash transactions by sub-account holders?</p>		
<p>2. Does the institution have a system of internal controls for opening and monitoring payable through accounts? If yes, does it provide for:</p>			<p>9. If the answer to #9 is no, does the institution properly complete CTRs for all large cash transactions?</p>		
<p>a. Procedures for opening accounts?</p>			<p>10. If possible, does the institution know whether the home country supervisor of the foreign bank require banks to identify and monitor the transactions of their customers consistent with the U.S. requirements?</p>		
<p>b. Operational procedures?</p>			<p>11. Does the institution obtain adequate information about the ultimate users of the payable through accounts?</p>		
<p>c. Staff responsibilities?</p>			<p>12. Does the institution ensure that its payable through accounts are not being used for money laundering or other illicit purposes,</p>		
<p>d. Training?</p>			<p>13. If the answer to #13 is no, has the institution taken steps to terminate account relationships as expeditiously as possible?</p>		
<p>e. Audit?</p>			<p>14. Does the institution maintain adequate information (e.g., financial statements, licensing confirmation, etc.) regarding the foreign bank?</p>		
<p>f. Identifying and reporting of unusual or suspicious transactions?</p>			<p>15. Does the institution evaluate the method (e.g., audit or other review) used by the institution to ascertain:</p>		
<p>3. Does the institution prohibit foreign banks from opening sub-accounts (second tier) for other foreign banks, casas de cambios, finance companies or other financial intermediaries?</p>			<p>a. The procedures of the foreign bank for opening accounts, to determine if they are consistent with U.S. requirements?</p>		
<p>4. If the answer to #4 is no, has the institution developed procedures to identify second tier sub-account holders and the nature of the business transactions?</p>			<p>b. The foreign bank's monitoring of sub-account activities to detect and report suspicious or unusual transactions?</p>		
<p>5. Does the institution review the listing of account and sub-account holders to ensure that no accounts have been opened for individuals or businesses located in countries that are prohibited from doing business in the U.S. as determined by the Treasury's Office of Foreign Assets Control (Refer to "Economic Sanctions," Checklist)?</p>					
<p>6. Does the institution monitor account activity for unusual or suspicious transactions?</p>					